

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2013**

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SEYMOUR COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Brent Brown	President	2015
Dan Furlin, Jr.	Board Member	2013
Tracy McMurray	Board Member	2013
Justin Keller	Board Member	2015
Jim Sandy	Board Member	2015
<b>School Officials</b>		
David Lockridge	Superintendent	2013
Mollie Banks	District Secretary/Treasurer and Business Manager	Indefinite

**STEPHANIE MENDENHALL CPA, P.C.**  
**217 Broad Street**  
**Humeston, Iowa 50123**  
**641/877-6021**

Independent Auditor's Report

To the Board of Education of  
Seymour Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District, Seymour, Iowa, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District at June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basis financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Seymour Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated October 8, 2013 on my consideration of Seymour Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Seymour Community School District's internal control over financial reporting and compliance.

October 8, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Seymour Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,760,147 in fiscal 2012 to \$2,606,509 in fiscal 2013, while General Fund expenditures increased from \$2,354,533 in fiscal 2012 to \$2,443,418 in fiscal 2013. The District's General Fund balance increased from \$688,499 in fiscal 2012 to \$851,590 in fiscal 2013.
- The decrease in General Fund revenues was attributable to a decrease in property taxes in fiscal 2013. There was an increase in General Fund instruction and plant operation expenditures. These increases were offset by a decrease in transportation expenditures. The transportation director position was eliminated.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Seymour Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Seymour Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Seymour Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental Funds.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary fund:* The District is the trustee, or fiduciary, for assets that belong to others. The fund includes the Private-Purpose Trust.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

**Figure A-1**  
**Condensed Statement of Net Position**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$ 2,873	2,728	29	34	2,902	2,762	5.07%
Capital assets	888	979	12	12	900	991	-9.18%
Total assets	3,761	3,707	41	46	3,802	3,753	1.31%
Long-term liabilities	140	117	-	-	140	117	19.66%
Other liabilities	1,268	1,455	8	8	1,276	1,463	-12.78%
Total liabilities	1,408	1,572	8	8	1,416	1,580	-10.38%
Net Position:							
Invested in capital assets, net of related debt	821	902	12	12	833	914	-8.86%
Restricted	745	643	-	-	745	643	15.86%
Unrestricted	787	590	21	26	808	616	31.17%
Total Net Position	2,353	2,135	33	38	2,386	2,173	9.80%

The District's combined net position increased by nearly 10% or approximately \$213,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$102,000 or 16%, over the prior year. The increase was primarily capital projects funding.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$192,000. This increase in unrestricted net position was primarily a result of an increase in state aid during the current year and an emphasis to maintain or reduce spending.



Figure A-2 shows the change in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

**Figure A-2**  
**Changes in Net Position**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for service	\$ 232	196	51	45	283	241	17.43%
Operating grants, contributions and restricted interest	457	453	78	89	535	542	-1.29%
Capital grants, contributions and restricted interest		-	-	-	-		-
General revenues:							
Property tax	1,145	1,348	-	-	1,145	1,348	-15.06%
Income surtax	73	73	-	-	73	73	0.00%
Local option sales and service tax	199	173	-	-	199	173	15.03%
Unrestricted intermediate grants	1	8	-	-	1	8	-
Unrestricted state grants	878	844	-	-	878	844	4.03%
Unrestricted investment earnings	25	21	-	1	25	22	13.64%
Other	9	109			9	109	-91.74%
Total revenues	3,019	3,225	129	135	3,148	3,360	-6.31%
Program expenses:							
Governmental activities:							
Instruction	1,845	1,761	-	-	1,845	1,761	4.77%
Support services	820	921	-	-	820	921	-10.97%
Non-instructional programs	-	-	134	128	134	128	4.69%
Other expenses	136	221	-	-	136	221	-38.46%
Total expenses	2,801	2,903	134	128	2,935	3,031	-3.17%
Increase (decrease) in net position	218	322	(5)	7	213	329	(0.35)
Net position beginning of year, as related	2,135	1,813	38	31	2,173	1,844	17.84%
Net position end of year	2,353	2,135	33	38	2,386	2,173	9.80%

In fiscal 2013, property tax and unrestricted state grants account for 67% of the revenue from governmental activities while charges for service and operating grants and contributions account for 100% of the revenue from business type activities.

The District's total revenues were approximately \$3.148 million of which, \$3.019 million was for governmental activities and \$129,000 was for business type activities

As shown in Figure A-2, the District as a whole experienced a 6.3% decrease in revenues and a 3.17% decrease in expenses. Property taxes decreased \$203,000 and unrestricted state aid increased \$34,000. Increased instruction expenditures were offset by decreased transportation expenditures and fewer expenditures from the Capital Projects Fund for improvements to facilities and technology equipment.

## Governmental Activities

Revenues for governmental activities were \$3,019,355 and expenses were \$2,801,285 for the year ended June 30, 2013. The District was able to balance the budget because of a continued emphasis to reduce or maintain spending.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2013 compared to the year ended June 30, 2012.

**Figure A-3**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2013	2012	2012-2013	2013	2012	2012-2013
Instruction	\$1,845	1,761	4.77%	1,253	1,124	11.48%
Support services	820	922	-11.06%	820	909	-9.79%
Non-instruction	-	-	-	-	-	-
Other expenses	136	221	-38.46%	40	221	-81.90%
Total	2,801	2,904	-3.55%	2,113	2,254	-6.26%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$231,548.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$457,107.
- The net cost of governmental activities was financed with \$1,417,550 in property and other taxes and \$878,183 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2013 were \$129,799, representing a 3.3% decrease over the prior year, while expenses totaled \$134,193 a 5.5% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2013, fewer students participated in the free/reduced price meal program. Compliance with new federal meal serving guidelines has increased food costs.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Seymour Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balances of \$1,621,819, above last year's ending fund balances of \$1,284,595.

## Governmental Fund Highlights

- The District's desire is to maintain a high quality educational program within the current tax structure. The District's General Fund balance increase from \$688,500 in fiscal 2012 to \$851,589 in fiscal 2013 due to an increase in charges for services and state foundation aid.

- The General Fund balance position has been addressed in a variety of methods in order to continue the facilitation of student learning and achievement and reduce spending. The non-replacement of two full time certified staff positions and the sharing of an administrative and certified staff position for the 2013-2014 school year should also result in savings to the District. The District will also utilize PPEL and SAVE funds to reduce General Fund expenditures.

### Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$37,613 at June 30, 2012 to \$33,219 at June 30, 2013, representing a decrease of approximately 12%. The District had decreased participation in the free and reduced price meal program.

### BUDGETARY HIGHLIGHTS

The District's total revenues were \$54,932 less than total budgeted revenues, a variance of 1.7%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. For fiscal 2013 there was a continued emphasis to reduce or maintain spending in every area.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2013, the District had invested approximately \$.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of 8% from last year. More detailed information about the District's capital assets presented in Note 4 to the financial statements. Depreciation expense for the year was \$94,848.

The original cost of the District's capital assets was approximately \$2.60 million. Governmental funds account for approximately 2.57 million, with the remainder of approximately \$.03 million accounted for in the Proprietary, School Nutrition Fund.

**Figure A-4**  
**Capital Assets, net of Depreciation**  
**(expressed in thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$ 3	3	-	-	3	3	0.00%
Buildings	746	790	-	-	746	791	-5.69%
Furniture and equipment	139	186	12	12	151	198	-23.74%
Total	888	979	12	12	900	992	-9.27%

## Long-Term Debt

At June 30, 2013, the District had outstanding a \$65,399 capital lease. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

**Figure A-5**  
**Outstanding Long-Term Obligations**  
**(expressed in thousands)**

(Expressed in thousands)			
Total			Total
District			Change
June 30,			June 30,
2013	2012		2012-2013
Capital lease	\$65,399	\$ 74,644	-13%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District property tax rate decreased from 13.57 in fiscal 2013 to 10.08 in fiscal year 2014 due to the District's inability to continue to levy cash reserve at the current rate. This will result in a decrease in property tax received for fiscal 2014 but will not affect the General fund.
- The District has experienced declining enrollment for the past several years but enrollment for the 2013-2014 school year is expected to increase significantly. The District will also participate in the Statewide Voluntary Preschool Program for the 2013-2014 school year that will bring in an additional \$3,500 per student that is enrolled. The District expects an increase in utility and transportation costs from the prior year.
- The District continues to operate on a year-to year collective agreement with the Seymour Education Teachers' Association. Recent negotiated settlements resulted in a 1.67 percentage increase for certified staff, as well as non-certified staff.
- The District is participating in the state's sharing initiative that will bring in an estimated \$60,000 during fiscal 2014.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mollie Banks, District Secretary/Treasurer and Business Manager, Seymour Community School District, Seymour, Iowa 52590.

## **Basic Financial Statements**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2013

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,694,201	28,815	1,723,016
Receivables:			
Property tax:			
Delinquent	29,073	-	29,073
Succeeding year	936,347	-	936,347
Income tax succeeding year	73,190	-	73,190
Due from other governments	140,261	-	140,261
Inventories	-	984	984
Capital assets, net of accumulated depreciation	888,417	11,781	900,198
<b>Total assets</b>	<b>3,761,489</b>	<b>41,580</b>	<b>3,803,069</b>
<b>Liabilities</b>			
Accounts payable	22,021	-	22,021
Salaries and benefits payable	219,695	6,556	226,251
Accrued interest payable	2,390	-	2,390
Deferred revenue:			
Other	-	1,805	1,805
Succeeding year property tax	936,347	-	936,347
Succeeding year income surtax	73,190	-	73,190
Long-term liabilities:			
Portion due within one year:			
Capital lease	9,622	-	9,622
Retirement benefits	4,875	-	4,875
Portion due after one year:			
Capital lease	55,776	-	55,776
Retirement benefits	14,625	-	14,625
Net OPEB liability	69,636	-	69,636
<b>Total liabilities</b>	<b>1,408,177</b>	<b>8,361</b>	<b>1,416,538</b>
<b>Net position</b>			
Invested in capital assets, net of related debt	888,417	11,781	900,198
Restricted for:			
Categorical funding	43,144	-	43,144
Management levy	140,728	-	140,728
Student activities	69,666	-	69,666
School infrastructure	469,460	-	469,460
Physical plant and equipment	22,587	-	22,587
Unrestricted	719,310	21,438	740,748
<b>Total net position</b>	<b>\$ 2,353,312</b>	<b>33,219</b>	<b>2,386,531</b>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,310,965	108,933	339,414	-
Special instruction	182,818	23,452	13,453	-
Other instruction	351,751	99,163	7,950	-
	<u>1,845,534</u>	<u>231,548</u>	<u>360,817</u>	<u>-</u>
Support Service:				
Student	26,704	-	-	-
Instructional staff	92,061	-	-	-
Administration	353,999	-	-	-
Operation and maintenance of plant	233,923	-	-	-
Transportation	112,903	-	-	-
	<u>819,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	36,982	-	-	-
Long-term debt interest	2,639	-	-	-
AEA flowthrough	96,290	-	96,290	-
	<u>135,911</u>	<u>-</u>	<u>96,290</u>	<u>-</u>
Total governmental activities	2,801,285	231,548	457,107	-
Business type activities:				
Non-instructional programs:				
Food service operations	134,193	50,539	78,832	-
	<u>134,193</u>	<u>50,539</u>	<u>78,832</u>	<u>-</u>
Total	<u>\$ 2,935,478</u>	<u>282,087</u>	<u>535,939</u>	<u>-</u>

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Net (Expense) Revenue and Changes in Net Position

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Governmental Activities	Business type Activities	Total
(862,618)	-	(862,618)
(145,913)	-	(145,913)
(244,638)	-	(244,638)
(1,253,169)	-	(1,253,169)
(26,704)	-	(26,704)
(92,061)	-	(92,061)
(353,999)	-	(353,999)
(233,923)	-	(233,923)
(112,903)	-	(112,903)
(819,590)	-	(819,590)
(250)		(250)
(36,982)	-	(36,982)
(2,639)	-	(2,639)
-	-	-
(39,621)	-	(39,621)
(2,112,630)	-	(2,112,630)
-	(4,822)	(4,822)
	(4,822)	(4,822)
(2,112,630)	(4,822)	(2,117,452)



SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Continued from previous page

**General Revenues:**

Property tax levied for:

General purposes

Income surtax

Local option sales and services tax

Unrestricted intermediate grants

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

	Program Revenues		
	Operating	Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses	Charges for Service		

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See notes to financial statements.

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Net (Expense) Revenue and Changes in Net Assets

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Governmental Activities	Business type Activities	Total
1,144,740	-	1,144,740
73,306	-	73,306
199,504	-	199,504
1,000	-	1,000
878,183	-	878,183
24,884	428	25,312
9,083	-	9,083
2,330,700	428	2,331,128
218,070	(4,394)	213,676
2,135,242	37,613	2,172,855
2,353,312	33,219	2,386,531

SEYMOUR COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 994,328	-	488,302	211,571	1,694,201
Receivables:					
Property tax:					
Current year delinquent	26,463	-	707	1,903	29,073
Succeeding year	807,130	-	29,217	100,000	936,347
Income tax succeeding year	73,190	-	-	-	73,190
Due from other governments	66,322	-	73,939	-	140,261
<b>Total assets</b>	<b>1,967,433</b>	<b>-</b>	<b>592,165</b>	<b>313,474</b>	<b>2,873,072</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	15,828	-	3,113	3,080	22,021
Salaries and benefits payable	219,695	-	-	-	219,695
Deferred revenue:					
Succeeding year property tax	807,130	-	29,217	100,000	936,347
Succeeding year income surtax	73,190	-	-	-	73,190
Total liabilities	1,115,843	-	32,330	103,080	1,251,253
Fund balances:					
Restricted for:					
Categorical funding	43,144	-	-	-	43,144
Management levy	-	-	-	140,728	140,728
Student activities	-	-	-	69,666	69,666
School infrastructure	-	-	537,248	-	537,248
PPEL	-	-	22,587	-	22,587
Unassigned	\$ 808,446	-	-	-	808,446
Total fund balances	851,590	-	559,835	210,394	1,621,819
<b>Total liabilities and fund balances</b>	<b>\$ 1,967,433</b>	<b>-</b>	<b>592,165</b>	<b>313,474</b>	<b>2,873,072</b>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2013

<b>Total fund balances of governmental funds (pg. 16)</b>	\$1,621,819
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***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

888,417

Long-term liabilities, including bonds payable and other postretirement benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

(156,924)

**Net position of governmental activities (pg. 11)**

\$ 2,353,312

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2013

	General	Debt Service	Capital Projects
Revenues:			
Local sources:			
Local tax	\$ 1,115,369	-	227,322
Tuition	127,955	-	-
Other	26,895	-	7,557
Intermediate	1,000	-	-
State sources	1,170,100	-	-
Federal sources	165,190	-	-
Total revenues	<u>2,606,509</u>	<u>-</u>	<u>234,879</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	1,301,223	-	-
Special instruction	182,818	-	-
Other instruction	235,510	-	17,537
	<u>1,719,551</u>	<u>-</u>	<u>17,537</u>
Support services:			
Student	26,704	-	-
Instructional staff	92,061	-	-
Administration	210,408	-	5,140
Operation and maintenance of plant	185,251	-	-
Transportation	112,903	-	-
	<u>627,327</u>	<u>-</u>	<u>5,140</u>
Non-instructional programs	<u>250</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	36,982
Long-term debt:			
Principal	-	9,246	-
Interest and fiscal charges	-	2,984	-
AEA flowthrough	96,290	-	-
	<u>96,290</u>	<u>12,230</u>	<u>36,982</u>
Total expenditures	<u>2,443,418</u>	<u>12,230</u>	<u>59,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>163,091</u>	<u>(12,230)</u>	<u>175,220</u>
Other financing sources:			
Sale of equipment	-	-	-
Capital lease issued	-	-	-
Operating transfers in	-	12,230	-
Operating transfers out	-	-	(12,230)
Total other financing sources	<u>-</u>	<u>12,230</u>	<u>(12,230)</u>
Net change in fund balances	163,091	-	162,990
Fund balances beginning of year	<u>688,499</u>	<u>-</u>	<u>396,845</u>
Fund balances end of year	<u>\$1,851,590</u>	<u>-</u>	<u>559,835</u>

See notes to financial statements.

Nonmajor	Total
74,859	1,417,550
-	127,955
103,108	137,560
-	1,000
-	1,170,100
-	165,190
177,967	3,019,355

9,742	1,310,965
-	182,818
98,704	351,751
108,446	1,845,534

-	26,704
-	92,061
58,378	273,926
-	185,251
-	112,903
58,378	690,845

-	250
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-	36,982
-	9,246
-	2,984
-	96,290
-	145,502
166,824	2,682,131

11,143	337,224
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-	-
-	-
-	12,230
-	(12,230)
-	-

11,143	337,224
199,251	1,284,595

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

**Net change in fund balances-total governmental funds (pg. 18-19)** \$ 337,224

***Amounts reported for governmental activities in the  
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over the estimated useful lives as depreciation expense in the Stat

Capital outlays	3,650	
Depreciation expense	(94,848)	(91,198)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.

9,246

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as t

345

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

(37,547)

**Change in net position of governmental activities (pg. 15)** \$ 218,070

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2013

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 28,815
Inventories	984
Capital assets, net of accumulated depreciation	<u>11,781</u>
<b>Total assets</b>	<u>41,580</u>
<b>Liabilities</b>	
Salaries and benefits payable	6,556
Deferred revenue	<u>1,805</u>
<b>Total liabilities</b>	<u>8,361</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	11,781
Unrestricted	<u>21,438</u>
<b>Total net position</b>	<u><u>\$ 33,219</u></u>

See notes to financial statements.



SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year ended June 30, 2013

	<u>School Nutrition</u>
Operating revenues:	
Local sources	
Charges for service	<u>\$ 50,539</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	49,851
Benefits	8,124
Supplies	72,373
Depreciation	<u>3,845</u>
Total operating expenses	<u>134,193</u>
Operating loss	<u>(83,654)</u>
Non-operating revenues:	
State sources	1,161
Federal sources	77,671
Local sources	<u>428</u>
Total non-operating revenues	<u>79,260</u>
Net income	(4,394)
Net position beginning of year	<u>37,613</u>
Net position end of year	<u><u>\$ 33,219</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of meals	\$ 50,273
Cash payments to employees for services	(57,784)
Cash payments to suppliers for goods or services	(63,552)
Net cash used by operating activities	<u>(71,063)</u>
Cash flows from non-capital financing activities:	
State grants received	1,161
Federal grants received	68,786
Net cash provided by non-capital financing activities	<u>69,947</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,650)</u>
Cash flows from investing activities:	
Interest on investments	<u>428</u>
Net decrease in cash and cash equivalents	(4,338)
Cash and cash equivalents at beginning of year	<u>33,153</u>
Cash and cash equivalents at end of year	<u><u>28,815</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(83,654)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	8,884
Depreciation	3,845
Increase in inventory	(62)
Increase in payables	190
Decrease in deferred revenue	(266)
Net cash used by operating activities	<u><u>(71,063)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2013, the District received federal commodities valued at \$8,884

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2013

	Private Purpose Trust
	Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 141,439
<b>Total assets</b>	<u>141,439</u>
<b>Liabilities</b>	
Accounts payable	-
<b>Total liabilities</b>	<u>-</u>
<b>Net position</b>	
Reserved for scholarships	<u>141,439</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 2,128
Total additions	<u>2,128</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>11,000</u>
	<u>11,000</u>
Change in net position	(8,872)
Net position beginning of year	<u>150,311</u>
Net position end of year	<u><u>\$ 141,439</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2013

**(1) Summary of Significant Accounting Policies**

Seymour Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Seymour and Promise City, Iowa, and the predominate agricultural territory in Wayne and Appanoose Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Seymour Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Seymour Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Wayne County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

*Restricted net position* result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities, and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's Fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½ % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$5,000
Buildings	5,000
Improvement other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net position consists of succeeding year property tax receivable and income surtax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.



Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investments trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$28, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAAM by Standard & Poors Financial Services.

**(3) Interfund Transfers**

The detail for interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$12,230</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,150	-	-	3,150
Total capital assets not being depreciated	3,150	-	-	3,150
Capital assets being depreciated:				
Buildings	2,013,390	-	-	2,013,390
Improvements other than buildings	-	-	-	-
Furniture and equipment	555,163	3,650	-	558,813
Total capital assets being depreciated	2,568,553	3,650	-	2,572,203
Less accumulated depreciation for:				
Buildings	1,222,815	44,925	-	1,267,740
Improvements other than buildings	-	-	-	-
Furniture and equipment	369,273	49,923	-	419,196
Total accumulated depreciation	1,592,088	94,848	-	1,686,936
Total capital assets being depreciated, net	976,465	(91,198)	-	885,267
Governmental activities capital assets, net	979,615	(91,198)	-	888,417
<b>Business type activities:</b>				
Furniture and equipment	27,104	3,650	-	30,754
Less accumulated depreciation	15,128	3,845	-	18,973
Business type activities capital assets, net	11,976	(195)	-	11,781

Depreciation expense was charged to the following functions:

Support services:	
Operation and maintenance	52,322
Transportation	42,526
Total depreciation expense - governmental activities	94,848
Business type activities:	
Food service operations	3,845

## (5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital lease	\$ 74,644	-	9,246	65,398	9,622
Retirement benefits	-	24,375	4,875	19,500	4,875
Net OPEB liability	50,335	22,049	2,748	69,636	-
	124,979	46,424	16,869	154,534	14,497

During the year ended June 30, 2012 the District entered into a capital lease for the purchase of two school buses. The capital lease has an interest rate of 3.99%. The capital lease is payable from the General Fund or the Capital Projects Fund. Details of the capital lease are as follows:

Year Ending June 30	Principal	Interest	Total
2014	9,622	2,607	12,229
2015	55,776	2,224	58,000
	65,398	4,831	70,229

## (6) Pension

The District contributes to the Iowa Public Employees Retirement Systems (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$215,976, \$202,424 and \$174,236, respectively, equal to the required contributions for each year.

## (7) Other Postemployment Benefits (OPEB)

Plan Description- The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 21 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statements No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's OPEB obligation:

Annual required contributions	\$24,175
Interest on net OPEB obligation	1,258
Adjustment to annual required contribution	<u>3,374</u>
Annual OPEB cost	22,049
Contributions made-implicit	<u>2,748</u>
Increase in net OPEB obligation	19,301
Net OPEB obligation beginning of year	<u>50,335</u>
Net OPEB obligation end of year	<u>69,636</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$176,717 to the medical plan. Plan members eligible for benefits contributed \$85,069, or 32% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$17,151	-	\$31,226
June 30, 2012	19,109	-	50,335
June 30, 2013	22,049	12.40%	69,636

**Funded Status and Funding Progress** – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$143,583, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$143,583. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,260,000 and the ratio of the UAAL to covered payroll was 11%. As of June 30, 2013, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2012 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2012.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(8) Retirement Benefits**

The District agreed to pay \$460.25 per month for 60 months for health insurance for a retired administrator/teacher beginning July 2012. The payments are made from the Management Fund.

**(9) Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$96,290 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash financial stat

## **Required Supplementary Information**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/ EXPENSES AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2013

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 1,683,065	50,967
Intermediate sources	1,000	-
State sources	1,170,100	1,161
Federal sources	165,190	77,671
Total revenues	<u>3,019,355</u>	<u>129,799</u>
Expenditures:		
Instruction	1,845,534	-
Support services	690,845	-
Non-instructional programs	250	134,193
Other expenditures	145,502	-
Total expenditures	<u>2,682,131</u>	<u>134,193</u>
Excess (deficiency) of revenues over (under) expenditures	337,224	(4,394)
Other financing sources	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	337,224	(4,394)
Balances beginning of year	<u>1,284,595</u>	<u>37,613</u>
Balances end of year	<u><u>\$ 1,621,819</u></u>	<u><u>33,219</u></u>

See accompanying independent auditor's report.

Original Budgeted Amount	Final to Actual Variance
1,749,534	(15,502)
5,500	(4,500)
1,194,052	(22,791)
255,000	(12,139)
3,204,086	(54,932)
2,256,141	410,607
1,390,198	699,353
174,296	39,853
165,112	19,610
3,985,747	1,169,423
(781,661)	
-	
(781,661)	
867,067	
85,406	



SEYMOUR COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
Year Ended June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)  
Required Supplementary Information

Year Ended June 30,	Acturial Valuation Date	Actuarial Value of Assets	Actuarial Accured Liability (AAL)	Unfunded AAL (UAAL)	Funded Funded Ratio	Covered Payroll	UUAL as a Percentage of Covered Payroll
2010	July 1, 2009	-	\$154,789	154,789	0.00%	1,509,968	10.20%
2011	July 1, 2009	-	153,656	153,656	0.00%	1,314,346	11.70%
2012	July 1, 2009	-	153,656	153,656	0.00%	1,089,771	14.10%
2013	July 1, 2012	-	143,583	143,583	0.00%	1,260,135	11.39%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013

Special Revenue			
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 138,825	72,746	211,571
Receivables:			
Property tax:			
Current year delinquent	1,903	-	1,903
Succeeding year	100,000	-	100,000
Accounts	-	-	-
<b>Total assets</b>	<b>240,728</b>	<b>72,746</b>	<b>313,474</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	-	3,080	3,080
Deferred revenue:			
Succeeding year property tax	100,000	-	100,000
Total liabilities	100,000	3,080	103,080
Fund Balances:			
Restricted:			
Management levy purposes	140,728	-	140,728
Student activities	-	69,666	69,666
<b>Total liabilities and fund balances</b>	<b>\$ 240,728</b>	<b>72,746</b>	<b>313,474</b>

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2013

	Special Revenue		
	Management	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 74,859	-	74,859
Other	2,526	100,582	103,108
State sources	-	-	-
Total revenues	77,385	100,582	177,967
Expenditures:			
Current			
Instruction:			
Regular	9,742	-	9,742
Other	-	98,704	98,704
Support services:			
Administrative support	58,378	-	58,378
Other expenditures:			
Facilities acquisition	-	-	-
Total expenditures	68,120	98,704	166,824
Excess of revenues over expenditures	9,265	1,878	11,143
Fund balances beginning of year	131,463	67,788	199,251
Fund balances at end of year	\$ 140,728	69,666	210,394

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECT ACCOUNTS  
Year Ended June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 463,309	\$ 24,993	\$ 488,302
Receivables:			
Property tax:			
Delinquent	-	707	707
Succeeding year	-	29,217	29,217
Due from other governments	73,939	-	73,939
<b>Total Assets</b>	<b>537,248</b>	<b>54,917</b>	<b>592,165</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	-	3,113	3,113
Deferred revenue:			
Succeeding year property tax	-	29,217	29,217
Total liabilities	-	32,330	32,330
Fund Balances:			
Restricted for:			
School infrastructure	537,248	-	537,248
Physical plant and equipment	-	22,587	22,587
Total fund balances	537,248	22,587	559,835
<b>Total liabilities and fund     balances</b>	<b>537,248</b>	<b>54,917</b>	<b>592,165</b>

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT ACCOUNTS  
Year Ended June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 199,504	\$ 27,818	\$ 227,322
Other	7,223	334	7,557
Total revenues	206,727	28,152	234,879
Expenditures:			
Instruction:			
Other instruction	5,949	11,588	17,537
Support services:			
Administration	5,140	-	5,140
Student transportation	-	-	-
Other expenditures:			
Facilities acquisition	28,437	8,545	36,982
Total expenditures	39,526	20,133	59,659
Excess (deficiency) of revenue over (under) expenditures	167,201	8,019	175,220
Other financing uses:			
Operating transfer out	(12,230)	-	(12,230)
Total other financing sources (uses)	(12,230)	-	(12,230)
Excess of revenues and other financing sources over (under) expenditures and other financial uses	154,971	8,019	162,990
Fund balances beginning of year	382,277	14,568	396,845
Fund balances end of year	537,248	22,587	559,835

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2013

Account	Balance Beginning Of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 7,382	45,748	39,285	13,845
FFA	17,496	23,715	24,730	16,481
FCCLA	622	1,128	852	898
General	12,293	8,395	12,228	8,460
Vocal Music	4,207	652	2,062	2,797
Band	8,598	7,077	4,121	11,554
Student Council	472	1,529	286	1,715
Cheerleaders	1,350	346	516	1,180
S Club	3,752	1,917	3,385	2,284
Post Prom	2,060	2,400	2,712	1,748
Speech	1,899	-	128	1,771
Wayne County Coalition	596	-	32	564
Class of 2012	271	-	271	-
Class of 2013	3,506	1,302	4,203	605
Class of 2014	2,508	4,133	3,804	2,837
Class of 2015	776	1,712	89	2,399
Class of 2016	-	528		528
Totals	\$ 67,788	100,582	98,704	69,666

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	2013	2012	2011	2010
Revenues:				
Local sources:				
Local tax	1,417,550	\$ 1,594,570	\$ 1,501,658	\$ 1,360,440
Tuition	127,955	76,305	90,953	147,478
Other	137,560	158,502	199,187	150,123
Intermediate sources	1,000	7,821	3,974	9,195
State sources	1,170,100	1,132,965	1,055,472	859,634
Federal sources	165,190	164,136	229,528	341,684
Total	3,019,355	3,134,299	3,080,772	2,868,554
Expenditures:				
Instruction:				
Regular	1,310,965	1,319,567	1,182,977	1,260,701
Special	182,818	216,949	223,921	277,296
Other	351,751	224,036	286,670	362,083
Support services:				
Student	26,704	60,946	64,594	84,913
Instructional staff	92,061	86,029	97,042	66,480
Administration	273,926	253,128	281,222	356,514
Operation and maintenance of plant	185,251	163,255	197,746	204,391
Transportation	112,903	235,016	185,892	220,629
Central support		-	-	-
Non-instructional programs	250	250	250	250
Other expenditures:				
Facilities acquisition	36,982	123,749	30,033	47,898
Long-term debt:				
Principal	9,246	12,230	85,000	80,000
Interest and other charges	2,984	-	4,700	8,570
AEA flowthrough	96,290	94,776	108,278	108,129
Total	2,682,131	\$ 2,789,931	\$ 2,748,325	\$ 3,077,854

See accompanying independent auditor's report.



Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
\$ 1,305,467	\$ 1,286,880	\$ 1,237,767	\$ 1,184,489	\$ 1,110,940	\$ 1,035,494
117,318	44,756	29,586	33,187	32,188	40,056
101,399	135,171	142,413	133,087	117,182	103,548
21,552	20,805	20,976	7,820	9,730	21,822
1,336,590	1,465,071	1,501,281	1,523,719	1,428,263	1,390,765
183,211	185,390	218,008	303,515	284,052	313,005
3,065,537	3,138,073	3,150,031	3,185,817	2,982,355	2,904,690

1,370,591	1,296,284	\$ 1,268,925	1,159,129	1,128,622	1,151,953
204,556	299,415	449,514	390,671	491,148	401,814
339,650	340,389	238,683	348,390	337,582	334,113
74,446	88,547	87,398	90,296	89,263	92,139
61,235	61,104	91,178	128,391	115,260	123,041
346,908	338,057	318,580	330,017	316,867	307,751
215,003	214,098	235,286	318,076	211,133	187,098
149,087	230,251	214,637	209,847	212,484	151,336
-	-	-	-	519	778
250	250	250	250	-	-
45,310	69,468	-	-	-	-
80,000	75,000	70,000	65,000	65,000	60,000
12,490	16,090	19,380	22,381	25,295	27,805
102,462	101,679	101,544	99,068	99,994	99,668
3,001,988	3,130,632	3,095,375	3,161,516	3,093,167	2,937,496

**Stephanie Mendenhall CPA, P.C.**  
**217 Broad Street**  
**Humeston, Iowa 50123**  
**641/877-6021**

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Seymour Community School District:

I have audited in accordance with U.S. generally accepted standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 8, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Seymour School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seymour Community School District's internal control.. Accordingly, I do not express an opinion on the effectiveness of Seymour Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified a deficiency in internal control I consider to be a material weakness and significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seymour Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## Seymour Community School District's Responses to Findings

Seymour Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. Seymour Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Seymour Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

October 8, 2013

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

**Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable since less than \$500,000 in federal awards.

**Other Findings Related to Required Statutory Reporting:**

IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the certified budget function.

IV-B-13 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-13 Business Transactions – No business transactions were noted between the District and District officials or employees.

IV-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Board Minutes – No transactions were noted requiring Board approval which had not been approved by the Board.

IV-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-13 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-13 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-13 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$382,277
Statewide sales, services and use tax		199,504
Other receipts		7,223
Expenditures/transfers out:		
School infrastructure:		
Buildings	\$ 28,437	
Instruction equipment	5,949	
Other equipment	5,140	
Debt service		
Capital lease for transportation equipment	<u>12,230</u>	
		( 51,756)
Ending balance		<u>537,248</u>

For the year ended June 30, 2013 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

IV-M-13 Student Activity Receipts – For several years, grants have been received from Wayne County Coalition to be used to introduce nutritional eating ideas into the curriculum.

Recommendation – The money was not co-curricular in nature and should reclass these accounts to the appropriate fund.

Response – During the next year this money will be spent in the after school program to educate young students of the importance of healthy eating.

Conclusion – Response accepted.

IV-N-13 Electronic Check Retention – Chapter 5540.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format. The electronic format should have an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but did not obtain an image of the back of each cancelled check as required.

Recommendation – The District should retain an image of both the front and back of each cancelled check as required.

Response – We will work with the bank to obtain all required documentation.

Conclusion – Response accepted.